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Triennial review of the implementation of recommendations on the programme evaluation of the United Nations Environment Programme

Report of the Office of Internal Oversight Services

Summary

The report is submitted in accordance with the decision taken by the Committee for Programme and Coordination at its twenty-second session to review the implementation of its recommendations three years after taking decisions on evaluations submitted to the Committee (see A/37/38, para. 362). The triennial review determines whether the five recommendations emanating from the programme evaluation of the United Nations Environment Programme (UNEP) conducted by the Office of Internal Oversight Services (OIOS), all of which were endorsed by the Committee, have been implemented and assesses the extent to which their implementation has contributed to programme changes.

OIOS determined that one of its recommendations had been implemented, three had been partially implemented and one was pending implementation in 2016. OIOS also noted early indications of specific positive outcomes resulting from the recommendations that UNEP had fully or partially implemented. Lastly, OIOS identified reasons for the partial or non-implementation by UNEP of four recommendations.

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Under recommendation 1, UNEP was called upon to create a mechanism whereby partners could share feedback on their collaboration with the Programme and instructed to assess the relative cost-efficiency of its partnerships, which at the time were significantly increasing in number. UNEP was not successful in implementing either of those actions, owing to staffing changes in the organizational units responsible for the recommendation. The recommendation has therefore not been implemented. UNEP has agreed to act on it in 2016.

Under recommendation 2, UNEP was advised to develop a database to track requests for its capacity-building assistance and to use the data to develop a strategic plan for its capacity-building services. Until March 2015, UNEP was taking specific steps to create that database. The process subsequently stalled, however, owing to staff turnover and misunderstandings over ownership of the initiative. Consequently, the database has not yet been created. UNEP nevertheless reported taking other action to enhance its strategy for delivering capacity-building services. The recommendation has therefore been partially implemented. OIOS will consider it fully implemented once UNEP has completed and begun to use the planned database.

Recommendation 3 was focused on the need for UNEP to strengthen its regional offices. UNEP has actively endeavoured to implement the recommendation. Steps included the issuance a draft operational guidance note and a policy entitled "Strengthened UNEP strategic regional presence: contributing to the future we want"; the revision of reporting lines so that regional directors now report directly to the Deputy Executive Director; the conversion of the posts of Regional Director and some regional office staff to posts funded by the regular budget, in addition to the provision of additional regional office staff; the inclusion of the regional offices' perspectives in the project review committee through revised terms of reference for the committee; and the increased inclusion of the regional offices in the development of the medium-term strategy and programme of work. OIOS noted specific preliminary results occurring as a result of the changes and will consider the recommendation fully implemented once an operational guidance note, currently in draft form, has been approved. The recommendation has therefore been partially implemented.

Under recommendation 4, a call was made for the establishment of clear and transparent criteria for allocating resources to activities in the thematic priority areas. UNEP made progress towards that goal by adopting a results-based budgeting approach in its programme of work for 2018-2019 and clearly articulating a new method for apportioning resources on the basis of expected outcomes rather than increases or decreases being made formulaically over the previous budget's baseline. Thematic, programme-based criteria are now being used to allocate the resources, and subprogramme coordinators are advising on funding needs. Progress remains needed in the allocation of resources from the Environment Fund (a core source of unrestricted funds for UNEP) to subprogrammatic activities. However, the allocations continue to be made at the discretion of the relevant division director, and neither set criteria nor transparent processes exist for doing so. The recommendation has therefore been partially implemented. OIOS encourages UNEP to deepen its initial efforts to use results-based criteria and more transparent processes for allocating resources, by ensuring that financial resources for thematic activities are also allocated according to results-based principles.

Recommendation 5 was focused on the role of the subprogramme coordinators through the finalization of their terms of reference. The role has been consolidated, clarified and strengthened, in particular since mid-2014, when new, full-time coordinators at the P-5 level were hired. The result, according to UNEP, has been enhanced institutional coordination, a stronger link between projects and institutional objectives and reduced conflict of interest between the needs of divisions and of thematic subprogrammes. The recommendation has therefore been implemented.

The steps that UNEP has taken to date in response to the OIOS recommendations have the potential to contribute to a strengthened regional presence and a more robust focus on outcomes in its seven priority thematic areas. UNEP should renew its commitment to implementing the recommendations in their entirety.

I. Introduction

1. At its fifty-third session, in 2013, the Committee for Programme and Coordination considered the report of the Office of Internal Oversight Services (OIOS) on the programme evaluation of the United Nations Environment Programme (UNEP) (E/AC.51/2013/2). The Committee recognized that UNEP had achieved positive results in addressing a broad range of environmental issues, that it had been a critical force in the development of global environmental norms and standards and that it had achieved positive results in building the capacity of national Governments. It noted the efforts under way to strengthen UNEP and the role of the Programme in promoting the coherent implementation of the environmental dimension of sustainable development within the United Nations system. In that regard, the Committee stressed the importance of promoting a balanced integration of the economic, social and environmental dimensions of sustainable development, in addition to coordination within the United Nations system. The Committee also welcomed the efforts by UNEP to strengthen its capacity-building support services in line with the needs and priorities of member States. The Committee endorsed the five OIOS recommendations (see A/68/16, para. 167).

2. The present report is issued pursuant to a triennial review of the recommendations. It provides an examination of the current status of implementation of the recommendations. The objective is to report on the extent of implementation of the recommendations and whether, and if so, to what extent, such implementation has contributed to programme changes.

3. The methodology for the triennial review included:

(a) Review and analysis of biennial progress reports on the status of recommendations that are monitored through the OIOS Issue Track database;

(b) Analysis of relevant information, documents and reports obtained from UNEP;

(c) Interviews in person or by telephone of a purposive sample of 20 UNEP senior management and programme staff.

4. The present report incorporates comments received from UNEP during the drafting process. A final draft was shared with UNEP, which provided final comments (see annex). OIOS expresses its appreciation for the cooperation extended by UNEP in the drafting of the present report.

II. Results

5. UNEP is mandated to be the leading global environmental authority that sets the global environmental agenda, promotes the coherent implementation of the environmental dimension of sustainable development within the United Nations system and serves as an authoritative advocate for the global environment, as set out in paragraph 88 of the outcome document of the United Nations Conference on Sustainable Development, entitled "The future we want" (General Assembly resolution 66/288), Assembly resolution 67/213 and Governing Council decision

27/2. The mandate has evolved with subsequent decisions of the Council (renamed the United Nations Environment Assembly in 2013 in resolution 67/251).[1]

6. The recommendations emanating from the OIOS evaluation addressed various aspects of the relevance, effectiveness and efficiency of UNEP in executing its mandate. At the conclusion of its fifty-third session, the Committee endorsed all five recommendations made by OIOS.

7. The triennial review determined that one recommendation had been implemented, three had been partially implemented and one was pending implementation in 2016. There is some indication of specific positive outcomes where UNEP has acted on the recommendations. The implementation status of the recommendations is discussed below.

Recommendation 1
Create a feedback mechanism for partners and assess the cost-efficiency of the Programme's increased number of partners

8. Recommendation 1 reads as follows:

> UNEP should address the partnership gaps identified in the evaluation, taking into account progress made in the partnership policy. Specifically, it should:
>
> (a) Seek regular and systematic feedback from all partners with which it works on individual projects through the use of a standardized feedback mechanism. UNEP should analyse the responses to distil lessons learned regarding the strengths and weaknesses of its partnership procedures so as to strengthen them;
>
> (b) Implement a mechanism for monitoring partnership cost-efficiency.

9. The recommendation addressed the work that UNEP undertakes with its partners. Partnership is a central fixture of the UNEP strategy in the fulfilment of its mandate, as UNEP highlighted in its medium-term strategy for 2014-2017, stating that "the business model employed by UNEP in pursuit of its planned results is to work through partnerships" (UNEP/GC.27/9, para. 3).

10. OIOS observed that, "given its relatively small size, limited resources and sparse country presence, partnerships have been essential for UNEP to enhance its effectiveness ... By partnering with other United Nations entities with a field presence, UNEP gained access to country-based offices and specialized sector expertise". It also observed that "country-based partners have provided UNEP with access to local knowledge and networks". It noted that the number of partnerships had increased significantly in a relatively short period (21 partners in the period 2008-2010, compared with 70 in the period October 2011-March 2012, or 233 per cent), while the average budget per partner had fallen by 20 per cent. At the same time, partners interviewed for the evaluation identified challenges and risks in the

[1] See also General Assembly resolution 2997 (XXVII), adopted in 1972; the Nairobi Declaration on the Role and Mandate of the United Nations Environment Programme, adopted by the Governing Council in its decision 19/11 in 1997; Council decision SS.VII/1, on international environmental governance, and its appendix, known together as the "Cartagena package", adopted in 2004; the Bali Strategic Plan for Technology Support and Capacity-building, adopted by the Council in section I of its decision 23/1 in 2004; and decision 27/2, adopted by the Council in 2013.

partnership model, such as short project time frames, the cumbersome nature of partnership processes and the need for better and more regular two-way communication (E/AC.51/2013/2, paras. 26-28 and 30).

11. UNEP acknowledged that it had not been successful in implementing the recommendation, but reported making some general improvements to the way in which it managed its partnerships and assessed its partners. They included the implementation of a revised partnership policy and procedures (approved in 2011) and, in parallel, an adapted web-based partnership portal that gathered information and internal feedback midway through a partnership project. The processes were continuing to be refined at the time of the triennial review.

12. UNEP also reported that it intended to undertake a comprehensive study of its partnerships in the middle of 2016, which would inform the development of a partnership strategy to position UNEP as the partner of choice of Governments, United Nations system entities and civil society organizations in support of the implementation of the 2030 Agenda for Sustainable Development. The study would also explore the risks and opportunities associated with working in partnerships, administrative and financial mechanisms for mitigating risks and optimally designing and implementing partnerships. Lastly, the exercise would provide clarity about how UNEP could:

(a) Devise a more corporate (i.e., UNEP-wide) approach that would help to identify partnership opportunities, as well as initiate, structure, administer, manage, monitor and report on partnerships with clear criteria and guidelines, and support technical staff to implement the programme of work;

(b) Build on past experiences working in partnerships to identify corporate financial and administrative support structures that would facilitate the creation and optimal functioning of partnerships and identify and mitigate risks associated with working in partnerships;

(c) Learn from its partners how to improve its own effectiveness and efficiency as a partner.

13. UNEP contended that the study might also include an examination of the issues raised in the OIOS evaluation.

14. While UNEP has taken steps to improve its partnership function, thus far it has not taken steps to address the substance of the recommendation, which referred to the creation of a feedback mechanism for partners and a mechanism for monitoring the overall cost-efficiency of the growing number of partnerships. Accordingly, the recommendation has not yet been implemented. UNEP has agreed to act on it in 2016, however. UNEP should begin taking steps to do so, either by incorporating the steps into the initiatives that it has already planned, or through new initiatives as necessary.

Recommendation 2
Create a database to track requests for capacity-building assistance

15. Recommendation 2 reads as follows:

> UNEP should develop a strategy for enhancing its capacity-building function. Specifically, it should:

(a) Develop a database to track the number and type of requests for assistance that it receives from member States and other stakeholders;

(b) Using the data from that database, develop a strategic plan for budgeting for and programming capacity-building services based on evidence-based decision-making.

16. The recommendation was focused on UNEP work on capacity-building, with a specific appeal to develop a database to track requests for assistance and, going forward, to utilize the data as the basis for developing a strategic plan for its capacity-building services. According to UNEP, it took action to develop a database in response to the recommendation. By early 2015, it had created the specifications for a country requests database, which was to be included in its country programming and reporting module. According to those specifications, UNEP did not at the time have a single, consolidated platform where it could see, analyse and respond to all the requests coming from countries. The country requests database would address such a need by defining and supporting a process to systematically capture those requests. UNEP provided documentation that the database's design was based on the concept that, once requests were received, the Regional Support Office would mobilize the regional directors to use the system to capture all requests coming to their attention. The regional directors would then mobilize the coordinators of the subprogrammes relevant to each specific request.

17. UNEP reported, however, that, since the creation of the specifications, work on the database had stalled. Consequently, the database does not yet exist. UNEP reported that staffing changes, coupled with other urgent information technology needs (including the adoption of Umoja), had slowed progress in implementation. Other challenges included a lack of clarity concerning which organizational unit within UNEP was the business owner of the database and difficulty in establishing a practical workflow for the requests system. Given that the database does not exist, UNEP was unable to undertake the second part of the recommendation relating to its use for analysis and strategic planning for improved capacity-building services.

18. UNEP reported other efforts and improvements to its strategic approach to capacity-building, including ensuring an enhanced evidence-based approach to its decision-making. In that regard, it reported that, in the development of its medium-term strategy for 2018-2021 and programme of work for 2018-2019, it had conducted extensive consultations with member States, through its regional offices, to identify key priority areas for assistance. While the value of that process is recognized, as reflected in annex I to the medium-term strategy, in which those priorities are described by region, they are general priorities rather than particular requests for assistance, as mentioned in the recommendation.

19. In addition, UNEP reported that it had progressively integrated the Bali Strategic Plan for Technology Support and Capacity-building into its strategies and work planning.

20. UNEP also referred to its Programme Information Management System, an internal technology tool launched in 2009 that gathers information on and tracks all its projects, which includes or has the potential to include a function indicating which projects have a capacity-building dimension. While that initiative is noted, that function (or, more accurately, that potential function) does not address the

substance of the recommendation, which is specifically focused on improving the UNEP response to requests for assistance.

21. During its evaluation, UNEP invited OIOS to consider a database that it had created in 2006 and that had briefly been in use before being discontinued, which was a clearing-house mechanism for the Bali Strategic Plan and South-South cooperation. UNEP reported that, while that website and database initiative included a function to track requests for assistance, it was not being used by countries requesting capacity-building-related assistance and had subsequently been abandoned in favour of a stronger internal platform for monitoring projects: the Programme Information Management System. As indicated above, however, the Programme Information Management System does not include a function to track requests for assistance. The platform created in 2006 is therefore no longer relevant to the recommendation, given that it was created (and discontinued) long before the date of the OIOS recommendation.

22. While acknowledging the numerous capacity-building efforts made by UNEP, the recommendation has been only partially implemented. For the recommendation to be considered implemented, UNEP should clarify the business owner of the country requests database and move forward with its creation and adoption. Furthermore, there should be a clear mechanism by which data from the database would feed into strategic planning for budgeting for and programming capacity-building services.

Recommendation 3
Strengthen regional offices

23. Recommendation 3 reads as follows:

> UNEP should further strengthen its regional offices. Specifically, it should:
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> (a) Provide regular opportunities for regional office directors to meet the senior management team;
>
> (b) Give regional offices a stronger voice in the project formulation process;
>
> (c) Strengthen cooperation between the Division of Regional Cooperation, the regional offices and divisions;
>
> (d) Further clarify the responsibilities and functions of regional offices and make adjustments in financial and human resources accordingly;
>
> (e) Improve interdivisional cooperation for regional delivery to support regional offices.

24. The recommendation addressed the need for UNEP to strengthen its regional offices in several areas. OIOS noted the following:

> Collaboration between the regional offices and headquarters has not been optimal and the integration of a regional perspective into UNEP work and regular knowledge transfer from the field to headquarters has not been achieved. This has been noted as a primary challenge for project implementation. Activities have been undertaken at the country level by headquarters divisions without regional office involvement. Weak collaboration has resulted in part from a lack of shared understanding regarding the UNEP regional and global work programmes and activities.

25. It also noted that the regional offices were characterized by unclear roles, responsibilities and reporting lines and were often consulted at too late a stage in the project approval process (E/AC.51/2013/2, paras. 41-42).

26. Over the past three years, UNEP has undertaken several reforms to strengthen its regional offices, in order to bring its normative and scientific work into greater alignment with national, subregional and regional priorities and to make operational the reference to strengthening the UNEP regional presence in paragraph 88 (g) of "The future we want". For example, it has accorded priority to regional office staff for conversion to regular budget posts; all 21 posts approved for conversion by the General Assembly in December 2015 are for regional offices (see resolution 70/247). They include regionally based subprogramme coordinators who will enhance UNEP engagement on thematic issues. In addition, UNEP has opened five subregional offices since 2014. Lastly, it has restructured the relationship of its regional offices with the rest of the Programme: in 2013, the offices sat within the Division of Regional Cooperation and the regional directors reported to its head. As part of strengthening the role of the regional directors and enhancing the regional offices, the Division of Regional Cooperation was dissolved in October 2013 and succeeded by the leaner Regional Support Office, which engages with the regional offices and headquarters in Nairobi with a view to more coherently delivering the UNEP mandate for a strategic regional presence. The regional directors and the Director of the Office report to the Deputy Executive Director, who convenes a monthly videoconference with the regional directors on strategic issues of relevance to the Programme, including the programme of work and engagement with member States. Division directors and other senior headquarters staff are invited to attend the meetings as appropriate.

27. UNEP has also made further strides with regard to other specific aspects of the recommendation. In terms of providing regional directors with more opportunities to meet the senior management team (subpara. (a) of the recommendation), opportunities have not increased in the sense of frequent, formal meetings with the entire team; such contact remains infrequent (roughly annually). There are, however, more frequent contacts with individual members of the team. Given the structural changes within UNEP, it is unclear whether that aspect of the recommendation is as relevant now as it was three years previously, given that the regional directors now report directly to the Deputy Executive Director and speak freely with the directors of other divisions. Senior management team members with whom the regional directors are most often in contact, in particular the Director of the Regional Support Office, should continue to include the regional directors in team meetings. Such an approach should include the systematic and timely sharing of meeting agendas and meeting notes with them, so that they can react and provide advice accordingly.

28. For the project formulation process (subpara. (b) of the recommendation), the revised terms of reference for the project review committee (as at 1 July 2015) have ensured that regional offices are systematically consulted on every project before it is approved. They are sent a standard set of questions about the suitability of a project, contextualized to their region, and their feedback is discussed during committee meetings. That positive step should be continued, specifically by ensuring that the offices are consulted at the project design stage rather than merely at the approval stage. OIOS determined that consultation at the design stage had increased, but remained uneven. Early consultation should be the norm rather than

the exception, given that feedback provided in the final stages of an approvals process can be more difficult to integrate and is more likely to be ignored when timelines are short.

29. In relation to clarifying the roles and responsibilities of the regional offices and strengthening cooperation between the Division of Regional Cooperation, the regional offices and divisions (subparas. (c) and (d) of the recommendation), in June 2015 UNEP issued a policy entitled "Strengthened UNEP strategic regional presence: contributing to the future we want". Both the policy and the related draft operational guidance note (August 2015) address issues raised in the OIOS evaluation, but the policy outlines the principles and key steps that UNEP is implementing to strengthen its strategic regional presence. The draft guidance note specifies how the policy will be and is being implemented. In particular, it clarifies the roles and responsibilities of the regional offices and their staff, including regional directors, with regard to issues such as strategic planning, the development of programme frameworks, project management from the design to the implementation stages and accountability. It also clarifies roles in decisions on partnerships, resource mobilization and communication. Critically, it clarifies issues relating to reporting lines, delegation of authority and decisions over staffing and recruitment and resource allocation, among others.

30. The draft guidance note is an important document that will contribute to enhancing the work of the regional offices and headquarters in strengthening the strategic regional presence of UNEP. UNEP reported that the draft was undergoing an extensive internal consultation and revision process. The process has been long, owing to the number of diverse views on issues such as staff selection and reporting, project implementation and budgets. UNEP noted that the Deputy Executive Director had convened a meeting to discuss the draft in March 2016 with the aim of approving it.

31. UNEP has also undertaken improvements in cooperation between the regional offices and other parts of the Programme (subpara. (e) of the recommendation). According to UNEP, cooperation was manifested in the process of developing the most recent medium-term strategy (2018-2021) and programme of work (2018-2019). For example, the regional offices were asked to conduct visioning exercises to feed into strategy development. The exercises included extensive internal and external consultations with counterparts in the region, including member States. In the past, such documents had been written at headquarters and drafts offered to the offices for comment. Another means by which cooperation has improved is through the addition of regional development, humanitarian and subprogramme coordinators in regional offices. UNEP noted that those changes, in addition to the changes in organizational structure mentioned above (e.g., the dissolution of the Division of Regional Cooperation and new reporting lines to the Deputy Executive Director), had resulted in an organizational culture that was less divided into silos than it had been three years previously. That said, interviewees noted that cooperation with other divisions sometimes still depended on the interest and willingness of a given individual and that some divisions worked in a greater spirit of cooperation than others. UNEP should deepen progress in that area by taking steps to ensure that timely and adequate consultation and cooperation become the norm across all divisions and regional offices.

32. With regard to the outcomes of those initiatives, the numerous changes were noted in interviews as resulting in some strengthening of the regional offices in relation to other actors internally. There is enhanced collaboration and a stronger sense of a two-way street with other parts of the institution. Interviewees could not yet identify higher-level outcomes resulting from the internal improvements (i.e., in the form of improved delivery of the programme of work), although it is plausible that the progress, if continued, could result in improved responses to regional priorities and requests for assistance.

33. While recognizing the progress that UNEP has made, OIOS determines that the recommendation remains partially implemented. For it to be considered fully implemented, UNEP should take the steps necessary for the approval and implementation of the draft operational guidance note so that the efforts undertaken thus far in strengthening its regional offices are not for nothing.

Recommendation 4
Establish clear and transparent criteria for allocating resources to activities in the thematic priority areas

34. Recommendation 4 reads as follows:

> UNEP should establish clear and transparent criteria for allocating resources (human and financial) to activities in the thematic priority areas.

35. The recommendation was related to UNEP budgeting and resource allocations. It has been partially implemented for the programme of work for 2018-2019 by a pair of unprecedented initiatives within UNEP: budgeting being undertaken on a results-based basis, specifically for allocating funds for posts, and the advice of subprogramme coordinators being solicited, and generally accepted, with regard to loosely restricted extrabudgetary funds.

36. In its evaluation (E/AC.51/2013/2, para. 52), OIOS noted the following:

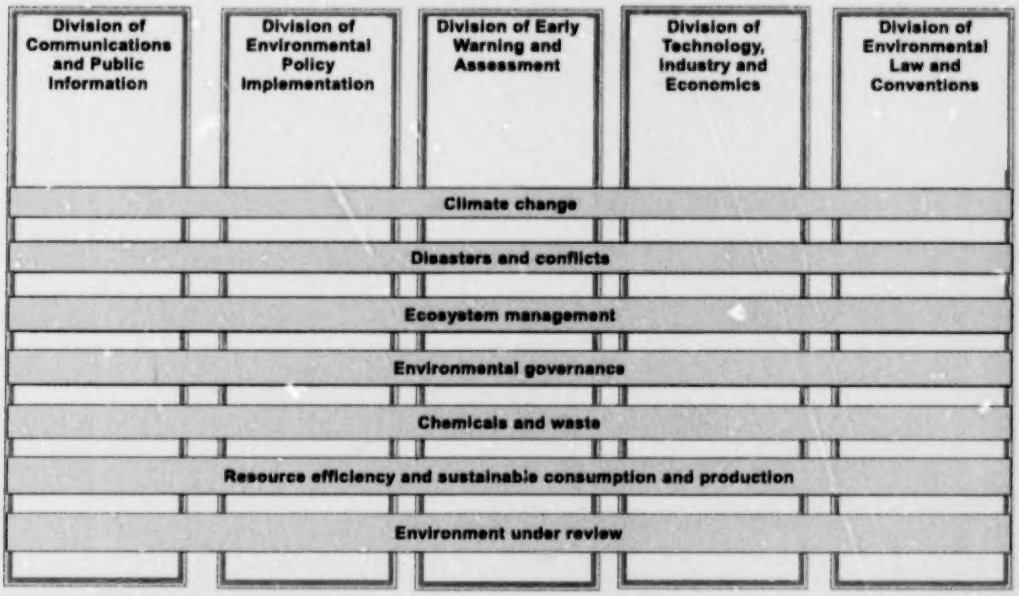
> The issue previously identified by OIOS [in its 2009 audit report AA2009/220/01] and the Multilateral Organisation Performance Assessment Network regarding a lack of transparent criteria for allocating funding across activities was also identified in this evaluation. This has created discernible tension among units and branches in the Programme. The UNEP task team found that some divisions had been allocated Environment Fund resources under subprogrammes where they had no outputs to deliver, whereas others were expected to deliver outputs but had not been allocated Fund resources.

37. With regard to the positive shift towards results-based budgeting in the allocation of funds for posts, the proposed budget for the biennium 2018-2019 articulated a new method for allocating resources, with allocations now based on expected outcomes, rather than increases or decreases being made formulaically over the previous budget's baseline. Moreover, UNEP reported that it had trained some 400 staff members in results-based budgeting.

38. This is an important step, given that an internal evaluation of the UNEP programme of work for 2010-2011 (cited by OIOS) highlighted the fact that budgeting continued to map on to the pre-matrix structure of UNEP: i.e., following

the divisional structure rather than the thematic subprogramme structure.[2] The figure below provides a visual overview of how the UNEP division-based structure overlaps with its subprogramme-based thematic focus areas. By contrast, according to the proposed programme of work and budget for 2018-2019, the first step that UNEP took in its results-based budgeting approach was to carry out a "review of alignment of existing staffing to the subprogrammes based on the staff workload", which meant that "UNEP did not use 2014-2015 or 2016-2017 budget figures as a reference but created a new baseline based on the work that staff members currently have to do against each subprogramme" (UNEP/EA.2/16, para. 19). A bottom-up approach was taken, whereby subprogramme coordinators worked extensively with all divisions to identify staff who would work on particular outputs and outcomes.

Matrix of divisions and subprogrammes


Division of Communications and Public Information
Division of Environmental Policy Implementation
Division of Early Warning and Assessment
Division of Technology, Industry and Economics
Division of Environmental Law and Conventions
Climate change
Disasters and conflicts
Ecosystem management
Environmental governance
Chemicals and waste
Resource efficiency and sustainable consumption and production
Environment under review

Source: UNEP organization chart, 2015.

39. UNEP has taken other steps to enhance the transparency of allocations to the thematic priority areas. It reported having set up a finance and budget committee to make decisions on allocations relating to corporate projects; previously, those decisions would have been taken bilaterally. It has also used a transparent process to explain the rationale for the allocation of the above-mentioned 21 regular budget posts approved by the General Assembly in 2015.

40. With regard specifically to allocations to the thematic areas, there has been mixed progress. As to allocations of loosely restricted extrabudgetary funds, some 5 per cent of total extrabudgetary funding, interviews suggested that thematic programme-based criteria were being used to allocate resources and subprogramme coordinators were advising on funding needs.

[2] Formative evaluation of the UNEP programme of work 2010-2011 carried out by the UNEP Evaluation Office in 2011, paras. 30-31 and 203-206.

41. By contrast, interviewees noted that the allocation of Environment Fund funding to subprogramme activities remained discretionary and was not based on clear criteria or necessarily done transparently. The funds for each of the seven thematic areas are not centralized, but rather are broken apart and distributed by the divisions and the Regional Support Office (not, for example, by the subprogramme coordinators). Once the divisions and the Office receive their annual allocations, there is latitude in making decisions: directors may decide to allocate fewer or greater resources to subprogramme activities and need not consult or offer justifications for those decisions. While in many cases, coordinators do work closely with directors to advise on allocations that align with the programme of work, in others, coordinators may face challenges in ascertaining the allocation for their subprogramme in any particular division. Consequently, there have been cases in which divisions with allocations towards subprogramme activities (and expected accomplishments based on those activities) did not actually allocate those funds to the expected subprogramme. Many examples of those funding gaps for subprogramme activities surfaced in interviews across the Programme.

42. The recommendation has been partially implemented, given the discretionary approach taken in the allocation of loosely restricted extrabudgetary funds. UNEP noted that the final decision rested with the Executive Director, and that the division directors allocated within their divisions and should take into account advice from subprogramme coordinators. For the recommendation to be considered fully implemented, UNEP should extend its efforts to promote and communicate criteria-based, transparent decision-making processes, ensuring that results-based principles are applied to all allocation decisions. This extends to Environment Fund allocations at the division and regional levels.

Recommendation 5
Implement and review terms of reference for subprogramme coordinators

43. Recommendation 5 reads as follows:

> UNEP should finalize and implement the September 2012 draft terms of reference for subprogramme coordinators and, after one year, review the results of the implementation of those terms of reference and make adjustments as needed.

44. The recommendation pertained to the subprogramme coordinators and their overall objectives. UNEP finalized terms of reference for the coordinators, and a full complement of seven full-time coordinators was put in place in mid-2014. Any review of terms of reference has been periodic, with some adjustments made.

45. UNEP formally adopted a matrix structure in its medium-term strategy for 2010-2013 by adding six thematic priority areas cutting across its existing functional divisions and regional offices (see figure above). A seventh area, "Environment under review", was introduced in the programme of work for 2014-2015. In 2013, many of the subprogrammes had part-time coordinators, and each reported to the head of the functional division responsible for leading their particular subprogramme. That approach embodied the potential for conflicts of interest around issues of resource allocation and reporting on results (for example, the "lead" division for the chemicals and waste subprogramme is the Division of Technology, Industry and Economics). The OIOS evaluation and the formative

evaluation conducted by UNEP in 2011[3] indicated that those roles were too weak to effectively influence programme alignment within the thematic lines. Moreover, they were marginalized in critical decision-making processes, given that they were more junior in level than the division heads to whom they reported, and they were unable to make programmatic suggestions to the donor, the European Commission. Lastly, the introduction of the cross-cutting subprogrammes had created a complex web of lead and managing divisions with roles and responsibilities that were continuing to evolve.

46. In response to concerns raised by OIOS, the UNEP internal evaluation unit and the Multilateral Organisation Performance Assessment Network, UNEP took several steps. In addition to finalizing the terms of reference, it revised reporting lines, such that subprogramme coordinators would have as their first reporting officer the person in charge of the newly created programme strategy and planning team, with the lead division director as the second reporting officer. That structure was intended to reduce conflicts of interest, while maintaining working relationships with the functional divisions. Meanwhile, the role of coordinator was elevated to the P-5 level. The new reporting lines were integrated into revised terms of reference (dated July 2014), recruitment processes for the coordinators began and most of the coordinators were in place by mid-2014.

47. The implementation of the new roles has also addressed some of the concerns previously raised. The coordinators play critical roles in the medium-term strategy, programme of work and programme framework processes, ensuring a new degree of thematic coherence among and enhanced quality of the outputs. They also play an important role in ensuring the coherence and organizational fit of new projects, given that they review all project proposals in their subprogramme areas at an early stage. The new reporting lines have reportedly reduced conflicts of interest, and the programme frameworks now clearly identify the lead division on each project, thereby reducing confusion as to responsibilities. In addition, coordinators now interact directly with the European Commission, preparing meeting agendas and making programmatic suggestions.

48. While the coordinators have no budgetary authority, their recommendations for allocating budgets and aligning them with the programme frameworks were reported to be generally accepted by the lead division directors (who retain budgetary decision-making authority for the subprogrammes), with some exceptions. In the most recent programme of work, for 2018-2019, coordinators played a key role in aligning the budget with the actual people working on the subprogramme, an improvement over past iterations. Coordinators also give advice on allocations of loosely restricted extrabudgetary funds, in alignment with the programme of work and specific funding gaps. That said, there were no formal criteria for allocating those funds according to resource gaps and project performance.

49. Some challenges remain with those new roles in terms of budgeting, including that the coordinators lack a dedicated budget to perform their functions, which may include travel and convening. The budgets are made only at the discretion of the division director. Another challenge is that there remains some lack of understanding organizationally about the coordinator's responsibilities and level of

[3] Ibid., paras. 27-28 and 220-226.

authority (for example, the fact that coordinators are not part of the programme strategy and planning team or part of the Office for Operations and Corporate Services and/or the Quality Assurance Section). Coordinators have also faced challenges in gaining access to consolidated financial information on their subprogrammes because the information could not be displayed by subprogramme. There is an expectation that Umoja will assist in that regard in the near future, and positive strides have been made. Moreover, challenges remain with regard to resource mobilization. The role of the regional offices in mobilizing resources for projects being implemented in their regions remains an issue of contention, and a recent OIOS audit indicated that coordinators might not have clear strategies to mobilize resources needed for projects contributing to thematic outcomes.[4] Coordinators and the programme strategy and planning team were taking steps to develop resource mobilization strategies.

50. Lastly, as mentioned above, coordinators do not generally hold authority in terms of resource allocation within the subprogrammes; it is reserved for the division directors. Directors are not required to consult coordinators on their decision-making process, although they often do. Some coordinators may face challenges in ascertaining their allocation. Furthermore, as indicated above with regard to the regional offices, the level of cooperation and buy-in may depend on the particular division director.

51. The recommendation included a request for UNEP to formally review the implementation of the terms of reference after one year. While that has not been done, the programme strategy and planning team periodically reviews important issues. That procedure was considered sufficient in addressing the substance of the recommendation. UNEP reviewed the terms of reference with division directors in November 2014, just after the coordinators were put in place, to reiterate roles and responsibilities. The meeting included clarification of the role of coordinators in resource mobilization efforts. Further discussions have been held with the programme strategy and planning team on issues such as the possibility of obtaining dedicated resources and (potentially) assistance from interns.

52. Given that the new coordinator roles have been in existence for less than two years, the outcomes of the changes remain internal and organizational in nature and have not yet manifested themselves in the achievement of results by UNEP. They include a more strategic allocation of resources, as well as improved and more inclusive planning processes and documents, such as the medium-term strategy, the programme of work and programme frameworks. New reporting lines have led to a reduction in conflicts of interest around allocations of resources according to thematic priorities rather than divisional priorities, in addition to enhanced impartiality in reporting on results (including less fear of reporting underperformance).

53. The recommendation has been implemented. UNEP should continue periodic reviews of the terms of reference, consider ensuring that coordinators have access to resources that enable them to fulfil their roles, look at the issue of levels of cooperation among divisions and continue to work on systems to display and manage financial data by subprogrammatic area.

[4] Audit of the UNEP chemicals and waste subprogramme, OIOS report No. 2015/188 (22 December 2015), paras. 15-18.

III. Conclusion

54. UNEP is the leading global environmental authority that sets the global environmental agenda, promotes the coherent implementation of the environmental dimension of sustainable development within the United Nations system and serves as an authoritative advocate for the global environment. The steps that it has taken to date in response to the OIOS recommendations have the potential to contribute to a strengthened regional presence and a more robust focus on outcomes in its seven priority thematic areas. Further steps, if taken, will improve its partnership and capacity-building functions, both of which are critical to achieving the UNEP mission. The action taken by UNEP thus far is commendable, but it should renew its commitment to implementing the recommendations in their entirety.

(*Signed*) Heidi **Mendoza**
Under-Secretary-General for Internal Oversight Services
23 March 2016

Annex*

Comments received from the United Nations Environment Programme

The United Nations Environment Programme (UNEP) welcomes the triennial review conducted by the Office of Internal Oversight Services (OIOS) to determine the extent to which the five recommendations emanating from the OIOS programme evaluation of UNEP have been implemented. UNEP also appreciates the value of the recommendations made by OIOS previously, which have resulted in concrete positive outcomes.

This review has come at a crucial time. UNEP has, together with the Secretariat, implemented a new enterprise resource planning system (Umoja) and has just completed its first results-based budget for the biennium 2018-2019.

UNEP appreciates the value of its partnerships with member States, other stakeholders and entities within the United Nations system, which are key to catalysing transformational change and leveraging its impact. UNEP strives to remain customer-focused and relevant to these partners. UNEP recognizes that, in order to do so, it must allow the partners to provide feedback on its performance and effectiveness. UNEP has identified the best methods to collect this feedback and intends to adapt existing systems, in 2016, to allow partners to provide such feedback. UNEP also plans to undertake a comprehensive study of its partnership modalities, which could take up the cost-efficiency issue raised in the OIOS evaluation.

The consolidation, clarification and strengthening of the role of the subprogramme coordinators through the finalization of their terms of reference was an intensive process, and UNEP appreciates the OIOS closure of recommendation 5. UNEP takes the enhancement of efficiency very seriously and is happy to see that the work done in this regard was valued and puts the organization on track for results-based management.

UNEP has bolstered its strategic approach to capacity-building, including ensuring an enhanced evidence-based approach to its decision-making. In this regard, UNEP conducted extensive consultations with member States through its regional offices, in order to identify key priority areas for assistance, of which OIOS has recognized the value. UNEP notes the OIOS recommendation for the creation of a database to track capacity-building assistance, however, it feels that such a database would create expectations on the part of member States and stakeholders that may not be possible to meet within existing resources. At the same time, the organization recognizes the merit of the recommendation from OIOS and, in order to maximize value for money, is considering using existing systems to try to capture these requests from member States, which would also allow UNEP to then collate information at the country level and conduct analyses and reviews. UNEP has already developed in its systems the ability for countries to see where UNEP is providing services (see http://uneplive.unep.org/theme/index/11). This system could provide a cost-effective opportunity to capture requests from member States.

* In the present annex, the Office of Internal Oversight Services presents the full text of comments of the United Nations Environment Programme. This practice has been instituted in line with General Assembly resolution 64/263, following the recommendation of the Independent Audit Advisory Committee.

UNEP concurs with the recommendation to strengthen its regional offices. The organization has undertaken reforms over the past three years to address this recommendation. This included the strengthening of the role of the regional directors and strengthened regional delivery of the UNEP programme of work. In addition, in June 2015 UNEP issued its policy, entitled "Strengthened UNEP strategic regional presence: contributing to the future we want". Both the policy and a draft operational guidance note address a number of issues raised in the OIOS evaluation. The draft operational guidance note is being finalized for further consideration and approval by the end of April 2016. In December 2015, the General Assembly approved the conversion of 21 posts, which will serve to strengthen the regional offices' ability to deliver their regional mandates and scale up UNEP support to countries through key partnerships.

UNEP thanks OIOS for its recognition of its change in approach towards budgeting. The results-based budgeting process adopted by UNEP in the preparation of the programme of work and budget for 2018-2019 was based on establishing a budget driven by the outcomes that UNEP targets in its programme of work. UNEP acknowledges the need to strengthen the resource allocation process, which would complement its results-based budgeting approach to the programme of work. UNEP intends to use elements identified through results-based budgeting to enhance resource allocation criteria along the same model.

As previously noted, UNEP has already begun to see some positive outcomes from its implementing the recommendations by OIOS, in particular with regard to enhancing the regional offices. UNEP appreciates the quality of the OIOS review. UNEP recognizes that, while the review validates the progress that UNEP has made thus far, there is room for further strengthening of some of its processes. As illustrated above, work is already under way to refine UNEP practices, and the report's conclusions will be instrumental in adopting further measures to improve its effectiveness.